



**HOUSING AUTHORITY  
of the County of Los Angeles**

Administrative Office

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*Commissioners*

**Carlos Jackson**  
*Executive Director*

July 11, 2006

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'  
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY  
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND  
HOUSING AUTHORITY (ALL DISTRICTS)  
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE  
COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve the combined purchase, with the Housing Authority of the County of Los Angeles, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately \$800,000, for the period from July 1, 2006 to June 30, 2007, through Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for

workers' compensation and general liability claims, using funds approved in the Fiscal Year 2006-2007 budget.

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:**

1. Approve the combined purchase, with the Community Development Commission, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately \$800,000 for the period from July 1, 2006 to June 30, 2007, through Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds approved in the Fiscal Year 2006-2007 budget.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority under a Joint Purchase Program formed by Driver Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. The total approximate annual premium cost of \$800,000 will be paid from funds approved in the Fiscal Year 2006-2007 budgets of the Commission and the Housing Authority.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On May 25, 1993, your Board approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Driver Alliant Insurance Services, Inc. The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies

had been written, with the exception of the excess workers' compensation insurance. The excess workers' compensation insurance is provided through the California State Association of Counties/California Public Entities Insurance Association pooled program, and while there is risk sharing on this assessable program, the coverage and rates offered are far superior to that available on an individual basis.

The Fiscal Year 2005-2006 budgeted amount for insurance coverage was \$875,000, and the actual premium for insurance coverage was \$677,000, which included property, excess workers' compensation and excess general and automobile liability insurance. Coverage under the Joint Purchase Program, again provided by Driver Alliant Insurance Services, Inc., will be at an estimated annual cost not to exceed \$800,000. The amount budgeted for the Fiscal Year 2006-2007 premium is somewhat less than the amount budgeted for the Fiscal Year 2005-2006 premium due to the continued stabilization in the insurance market, however costs will most likely rise next year due to the recent hurricanes and other catastrophes worldwide.

Driver Alliant Insurance Services, Inc. was unable to provide a substantial premium estimate until mid June, however, the firm will provide coverage between the effective date of July 1, 2006 and the date of Board approval.

Eight to eleven percent of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

On June 28, 2006 the Housing Commission recommended approval of these actions.

#### **ENVIRONMENTAL DOCUMENTATION:**

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

#### **CONTRACTING PROCESS:**

On April 17, 2006, the Commission initiated an outreach to identify a vendor to perform broker services for the Commission and Housing Authority. Notices were mailed to 30 insurance brokers identified from the Commission and County's vendor lists. Advertisements also appeared in the Los Angeles Times and on the County WebVen

website and the Commission's website. Seventeen bid packages were requested and distributed.

On May 5, 2006, one proposal was received and formally opened. The proposal was submitted by Driver Alliant Insurance Services, Inc., the Commission and Housing Authority's current insurance broker. The proposal was determined to be responsive and is, therefore, being recommended for the contract award.

The Summary of Outreach Activities is provided as Attachment A.

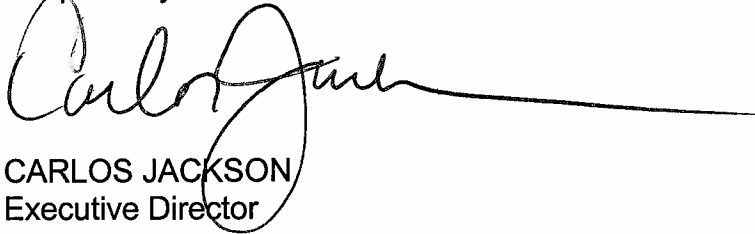
**IMPACT ON CURRENT SERVICES/PROGRAMS:**

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

**CONCLUSION:**

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practices liability and employee benefits liability. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carlos Jackson', with a long horizontal line extending to the right.

CARLOS JACKSON  
Executive Director

Attachments: 2

CJ:RY:tc

## ATTACHMENT A

### Summary of Outreach Activities

#### Insurance Broker Services

On April 17, 2006, the following outreach was initiated to identify a vendor to provide insurance broker services for the Commission and Housing Authority.

A. Advertising

Announcements appeared in the Los Angeles Times newspaper and on the County WebVen website and the Commission's website.

B. Distribution of Bid Packages

The Commission and County's vendor lists were used to mail out Invitations for Bids to 30 contractors, of which five identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, 17 bid packages were requested and distributed.

C. Results

On May 5, 2006, one bid was received and publicly opened. The sole proposal was submitted by Driver Alliant Insurance Services, Inc., the Commission and Housing Authority's current insurance broker. The bid was determined to be responsive and is, therefore, being recommended for the contract award.

Company

Bid Amount

Driver Alliant Insurance Services, Inc.

Eight to eleven percent  
of insurance premiums<sup>[ML1]</sup>

D. Minority/Female Participation – Selected Contractor

Name

Ownership

Employees

Driver Alliant

Non-minority

Total: 630  
89 Minorities  
265 Women  
14% Minorities  
42% Women

The Commission conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Commission.

The recommended award of the contract is being made in accordance with the Commission's policies and federal regulations, and without regard to race, creed, color, or gender.